

Message Text

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ACTION EB-11

INFO OCT-01 EUR-25 NEA-11 ISO-00 COME-00 SPC-03 AID-20

NSC-10 RSC-01 CIEP-02 TRSE-00 SS-20 STR-08 OMB-01

CEA-02 SCI-06 FEA-02 DODE-00 CIAE-00 INR-10 NSAE-00

INT-08 L-03 H-03 PA-04 PRS-01 USIA-15 DRC-01 /168 W

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R 221345Z JAN 74

FM AMEMBASSY MOSCOW

TO SECSTATE WASHDC 5507

INFO AMEMBASSY BEIRUT

C O N F I D E N T I A L MOSCOW 1011

STATE ALSO FOR T/IEP

BEIRUT ALSO PASS BAGHDAD

E.O. 11652 GDS

TAGS: ENRG, UR

SUBJ: REPORTED HALT IN IRAQI OIL DELIVERIES TO USSR

1. ACCORDING TO VISITING KAISER INDUSTRIES REP, SENIOR OFFICIAL OF SOVIET PETROLEUM IMPORT/EXPORT AGENCY SOYUZNEFTEEXPORT ADVISED KAISER OFFICIALS JANUARY 21 THAT SOVIETS UNABLE QUOTE ON KAISER REQUEST PURCHASE GAS-OIL FOR DELIVERY TO US BECAUSE SOVIETS HAD RECEIVED NO CRUDE DELIVERIES FROM IRAQ SINCE JANUARY 1. SOYUZNEFTEEXPORT OFFICIAL NOTED THAT SOVIETS HAD EXPECTED OBTAIN 20 MILLION TONS OF IRAQI CRUDE DURING 1974 AND UNCERTAINTY REGARDING THIS SUPPLY MADE IT IMPOSSIBLE FOR SOYUZNEFTEEXPORT TAKE ON NEW BUSINESS. SOYUZNEFTEEXPORT OFFICIAL MADE CLEAR THAT PROBLEMS WITH IRAQIS WAS ONE OF PRICE, WITH IRAQIS APPARENTLY DEMANDING "WORLD MARKET PRICE" FOR CRUDE DESPITE FACT THAT LONG-TERM SUPPLY AGREEMENT WHICH SPECIFIED OTHER (LOWER) PRICES.

2. SOYUZNEFTEEXPORT OFFICIAL ALSO CLAIMED THAT SOVIETS HAD "GENTLEMEN'S AGREEMENT" WITH SUPPLIERS (IRAQIS AND SYRIANS) NOT
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RPT NOT USE INCREASED AVAILABILITIES OF CRUDE OR PRODUCTS RESULTING

FROM IMPORTS OF ARAB CRUDE TO INCREASE SALES OF CRUDE OR PRODUCTS TO UNITED STATES. HOWEVER, IN APPARENTLY CONTRADICTION TO THIS UNDERSTANDING, SOYUZNEFTEEXPORT OFFICIAL SAID HIS ORGANIZATION WOULD HAVE NO RPT NO OBJECTION TO DELIVERIES OF GAS-OIL CIF ROTTERDAM IF NECESSARY QUANTITIES WERE AVAILABLE.

3. COMMENT: ALTHOUGH KAISER REPORT DOES NOT SERVE TO CLARIFY PICTURE OF SOVIET-IRAQI PETROLEUM TRADE, THIS INFORMATION NOT NECESSARILY IN CONFLICT WITH REPORT MOSCOW 870 OF SOVIET WILLINGNESS SERVE AS "BROKER" BETWEEN IRAQIS AND INDEPENDENT ITALIAN REFINER, WITH PRICE SET AT \$17/BARREL. SOVIETS MIGHT WELL BE UNWILLING PAY THIS PRICE THEMSELVES ALTHOUGH HAVING NO OBJECTION IF ITALIAN FIRM ON PAYING END.DUBS

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01 JAN 1994
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: PETROLEUM, SUPPLIES, AGREEMENTS, FOREIGN RELATIONS, PRICES
Control Number: n/a
Copy: SINGLE
Draft Date: 22 JAN 1974
Decaption Date: 01 JAN 1960
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Authority: golinofr
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 28 MAY 2004
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1974MOSCOW01011
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: GS
Errors: N/A
Film Number: n/a
From: MOSCOW
Handling Restrictions: n/a
Image Path:
ISecure: 1
Legacy Key: link1974/newtext/t19740125/aaaaaxaf.tel
Line Count: 74
Locator: TEXT ON-LINE
Office: ACTION EB
Original Classification: CONFIDENTIAL
Original Handling Restrictions: n/a
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators:
Previous Classification: CONFIDENTIAL
Previous Handling Restrictions: n/a
Reference: n/a
Review Action: RELEASED, APPROVED
Review Authority: golinofr
Review Comment: n/a
Review Content Flags:
Review Date: 22 MAY 2002
Review Event:
Review Exemptions: n/a
Review History: RELEASED <22 MAY 2002 by boyleja>; APPROVED <26 DEC 2002 by golinofr>
Review Markings:

Declassified/Released
US Department of State
EO Systematic Review
30 JUN 2005

Review Media Identifier:
Review Referrals: n/a
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
Secure: OPEN
Status: NATIVE
Subject: REPORTED HALT IN IRAQI OIL DELIVERIES TO USSR
TAGS: ENRG, UR, IZ
To: STATE
Type: TE
Markings: Declassified/Released US Department of State EO Systematic Review 30 JUN 2005